

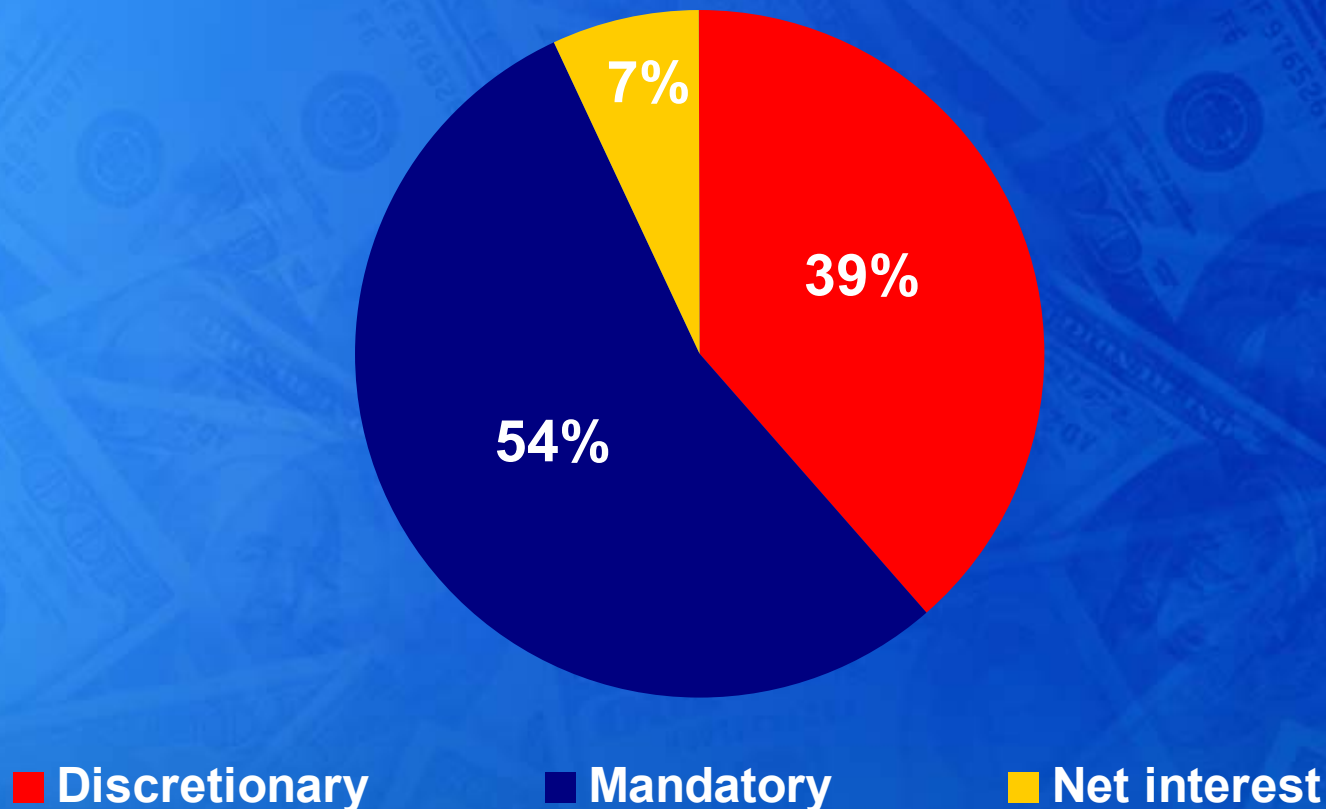
Federal Budget:

Opportunities for Oversight and Improved Use of Taxpayer Funds

David M. Walker
House Budget Committee
June 18, 2003

Composition of Federal Spending

2003



Note: Includes \$41 billion in discretionary spending and about \$1 billion in mandatory spending for the Iraq war supplemental.
Includes \$11 billion in mandatory spending for the 2003 tax cut package.
Source: GAO analysis of data from the Congressional Budget Office.

Examples of Other Entitlements, Mandatories & Direct Spending

- Crop insurance
- Commodity Credit Corporation
- Food stamps
- Child Nutrition
- Federal Military & Civilian retirement
- Federal Unemployment benefits
- Social Services Block Grant [entitlement to the states]
- Vaccine injury compensation
- Veterans pension & compensation
- Payments to states from forest service receipts

Talk about 3 levels of review

- Addressing Vulnerabilities to Fraud, Waste, Abuse & Mismanagement
- Improving Economy, Efficiency & Effectiveness
- Reassessing what government does: fundamental re-examination of programs, policies, activities & processes

The background of the slide is a solid blue color. Overlaid on this is a faint, repeating pattern of US dollar bills, including \$100 and \$50 bills, which are slightly tilted and semi-transparent.

Addressing Vulnerabilities to Fraud Waste, Abuse & Mismanagement

GAO's High Risk List

High Risk Areas

Year Designated High Risk

Addressing Challenges in Broad-based Transformations

Protecting Information Systems Supporting the Federal Government and The Nation's Critical Infrastructures	1997
Strategic Human Capital Management*	2001
U.S. Postal Service Transformation Efforts and Long-Term Outlook*	2001
Implementing and Transforming the New Department of Homeland Security	2003
Modernizing Federal Disability Programs *	2003
Federal Real Property *	2003

Ensuring Major Technology Investments Improve Services

FAA Air Traffic Control Modernization	1995
IRS Business Systems Modernization	1995
DOD Systems Modernization	1995

Providing Basic Financial Accountability

DOD Financial Management	1995
IRS Financial Management	1995
Forest Service Financial Management	1999
FAA Financial Management	1999

Reducing Inordinate Program Management Risks

Medicare*	1990
Collection of Unpaid Taxes	1990
DOD Inventory Management	1990
Student Financial Aid Programs	1990
HUD Single-Family Mortgage Insurance and Rental Assistance Programs	1994
Earned Income Credit Noncompliance	1995
DOD Support Infrastructure Management	1997
Medicaid Program *	2003

Managing Large Procurement Operations More Efficiently

DOD Weapon Systems Acquisition	1990
Department of Energy Contract Management	1990
NASA Contract Management	1990
DOD Contract Management	1992

* Additional authorizing legislation is likely to be required as one element of addressing this high-risk area.

Improving Economy, Efficiency & Effectiveness

Key Questions for
Program Oversight

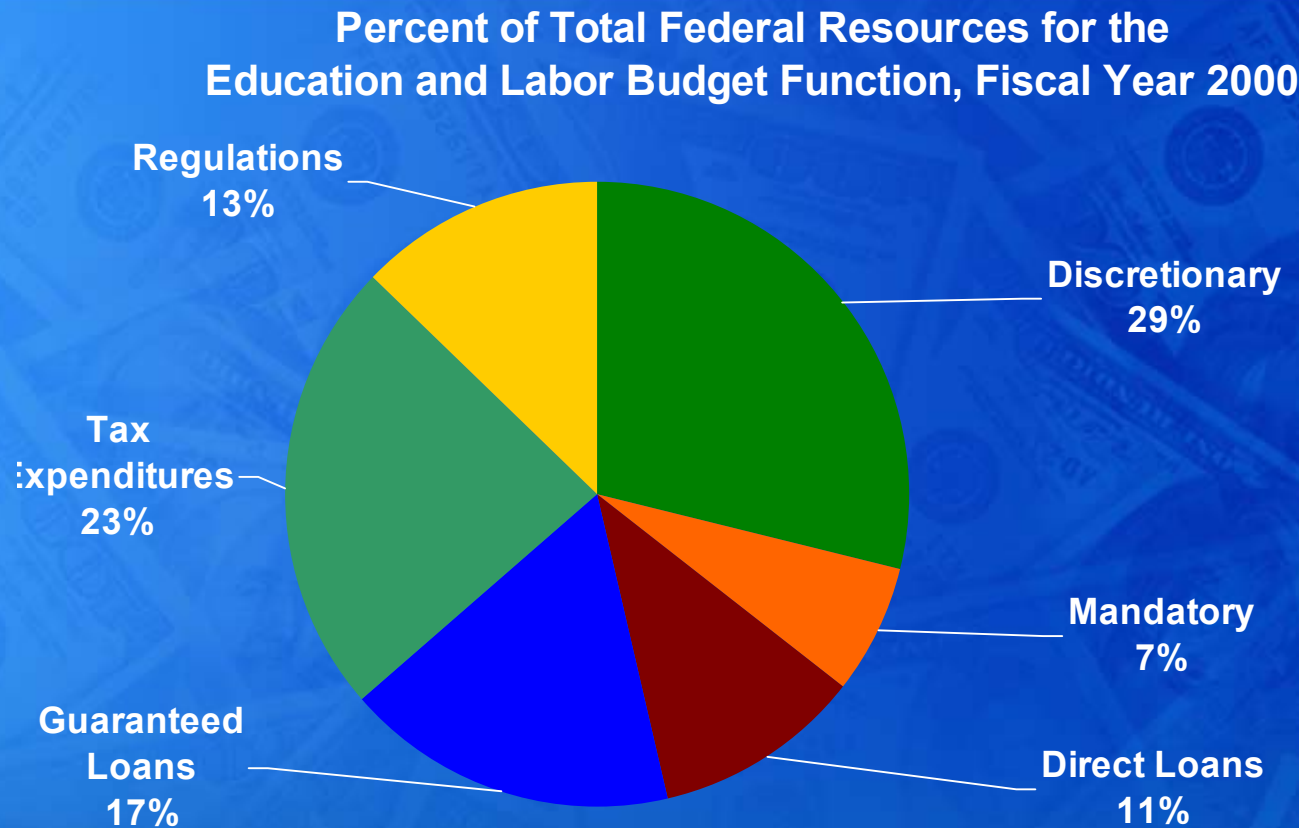
Key Questions

- Is the program targeted appropriately?
- Does it duplicate or even work at cross-purposes with related programs & tools?
- Is it financially sustainable? Are there opportunities for instituting appropriate cost sharing & recovery from nonfederal parties including private entities that benefit from federal activities?
- Can efficiency be increased through reengineering or streamlining processes or restructuring organizational roles & responsibilities?
- Are there clear goals, measures & data with which to track progress, benefits & costs?

Fundamental Reassessment

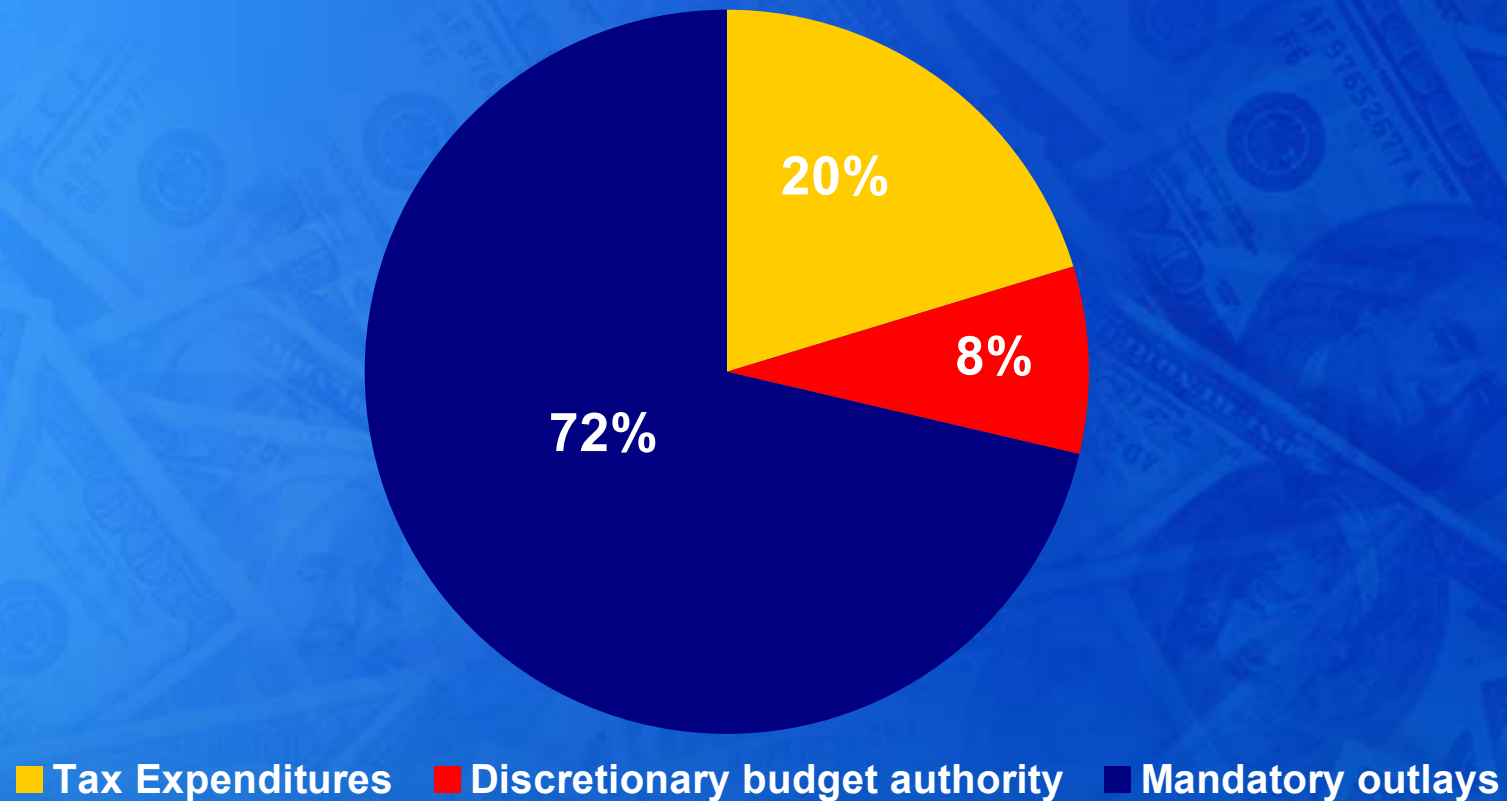
- What does the government do?
- How does the government do business?
- Who does the government's business?

Relative Reliance on Tools in the Education & Labor Budget Function (FY 2000),



Note: Includes \$41 billion in discretionary spending and about \$1 billion in mandatory spending for the Iraq war supplemental. Includes \$11 billion in mandatory spending for the 2003 tax cut package.
Source: GAO analysis of data from the Congressional Budget Office.

Relative Reliance on Policy Tools in the Health Care Budget Functions (FY2000)



Note: Loan Guarantees account for about \$5 million, or about .001 percent, of the approximately \$447 billion in total federal health care resources.

Source: *Budget of the United States Government, FY 2002*, Office of Management and Budget.